

Message Text

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C O N F I D E N T I A L STATE 124719

FOLLOWING REPEAT STATE 124719 ACTION BUENOS AIRES CAIRO CANBERRA
DACCA LA PAZ SANTIAGO BOGOTA QUITO LIBREVILLE ACCRA CONAKRY JAKARTA
BAGHDAD KINGSTON KUWAIT MONROVIA TRIPOLI KUALA LUMPUR MEXICO RABAT
LAGOS ISLAMABAD LIMA DOHA DAKAR PRETORIA COLOMBO PORT OF SPAIN
TUNIS ABU DHABI LUSAKA NOUAKCHOTT GEORGETOWN ABIDJAN INFO VIENNA
BRUSSELS OTTAWA COPENHAGEN PARIS BONN DUBLIN ROME TOKYO LUXEMBOURG
THE HAGUE WELLINGTON OSLO MADRID STOCKHOLM BERN ANKARA LONDON
OECD PARIS EC BRUSSELS USUN NEW YORK 29 MAY 75

QUOTE

C O N F I D E N T I A L STATE 124719

E.O. 11652: GDSTAGS: ENRG

SUBJECT: US INITIATIVE TO RESUMME PRRODUCER/CONSUMER DIALOGUE

REF: STATE 95205

FOR THE AMBASSADOR

1. AT THE IEA AND OECD MINISTERIALS (MAY 27-28), SECRETARY
KISSINGER OUTLINED A US PROPOSAL FOR OVERCOMING OBSTACLES
TO A RESUMPTION OF THE PRODUCER/CONSUMER DIALOGUE THAT
DEVELOPED AT THE PARIS PRELIMINARY MEETING (PREPCON) IN
APRIL. (SEE REFTTEL FOR DESCRIPTION OF PREPCON.) THIS
PROPOSAL CALLS FOR A SECOND PREPCON WHICH WOULD AGREE TO
CREATE SEPARATE COMMISSIONS TO DEAL WITH ENERGY, RAW
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MATERIALS, AND THE PROBLEMS OF THE MOST SERIOUSLY AFFECTED
NATIONS. ACTION POSTS SHOULD SEEK EARLLY APPOINTMENT WITH
FOREIGN MINISTER OR OTHER APPROPRIATE OFFICIAL, LEAVE COPIES
OF THE SECRETARY'S SPEECHES, EXPLAIN THE NEW US PROPOSAL

DRAWING ON PARA 2-9 BELOW, AND SEEK HOST GOVERNMENT SUPPORT FOR THE US INITIATIVE.

2. SECRETARY KISSINGER RECENTLY PUT FORWARD A SERIES OF PROPOSALS WE BELIEVE PROVIDES A BASIS FOR RECONCILING THE DIFFERING VIEWS WHICH EMERGED AT THE PARIS PREPARATORY MEETING IN APRIL AND FOR RELAUNCHING THE PRODUCER/CONSUMER DIALOGUE. WE BELIEVE THE FIRST STEP SHOULD BE TO RECONVENE THE PREPARATORY MEETING IN THE SAME FORMAT AS BEFORE.

THE TIME COULD BE RELATIVELY SOON, CERTAINLY A MATTER OF MONTHS. WE SUGGEST THAT THE FORMAT REMAIN THE SAME.

3. THE SECOND STEP WOULD BE FOR THE PREPARATORY MEETING TO AGREE ON THE CREATION OF A NUMBER OF COMMISSIONS TO DEAL WITH THE CRITICAL ISSUES IN RELATIONSHIPS BETWEEN DEVELOPING AND DEVELOPED COUNTRIES. THUS COMMISSIONS MIGHT BE SET UP FOR ENERGY, FOR THE PROBLEMS OF THE MOST SERIOUSLY AFFECTED NATIONS, AND FOR RAW MATERIALS. CONCEIVABLY THERE WOULD BE OTHERS. EACH COMMISSION WOULD REVIEW ALL ASPECTS OF THE PROBLEM ASSIGNED TO IT: INCLUDING FINANCE, INVESTMENT, TRADE, AND PRODUCTION.

4. THE WAY IN WHICH EACH COMMISSION PROCEEDS ABOUT ITS WORK WOULD DEPEND IN CONSIDERABLE MEASURE ON THE NATURE OF WORK ALREADY BEING DONE IN THE FIELD. FOR THE MOST SERIOUSLY AFFECTED, THERE IS ALREADY MUCH ACTIVITY, AND THE COMMISSION'S ROLE WOULD BE ESSENTIALLY TO MONITOR, TO SUPPLEMENT, AND TO ORIENT THAT WORK, GIVING IT THE THRUST AND PURPOSE IT MUST HAVE. THE COMMISSION ON RAW MATERIALS WOULD HAVE A SIMILAR ROLE. IN THE CASE OF ENERGY, SINCE THERE IS NO EXISTING INTERNATIONAL ORGANIZATION IN WHICH THE BASIC QUESTIONS ARE DEALT WITH, THE COMMISSION SHOULD ALSO FUNCTION AS A MEANS OF ADDRESSING AND RESOLVING THE UNDERLYING SUBSTANTIVE ISSUES.

5. IN EACH CASE, WE WOULD ENVISAGE THAT THE BASIC ISSUES
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THAT HAVE BEEN RAISED BE ADDRESSED. UNDER RAW MATERIALS, FOR EXAMPLE, SOME WOULD NO DOUBT WISH TO RAISE THE QUESTION OF TERMS OF TRADE. AND WE WISH ON OUR SIDE TO CONSIDER HOW ADEQUATE RESOURCES CAN BE OBTAINED FOR THE DEVELOPMENT OF RAW MATERIALS AND HOW IN GENERAL RAW MATERIAL MARKETS CAN BE MADE TO FUNCTION MORE EFFICIENTLY. ACTUAL NEGOTIATIONS ON COMMODITIES WOULD REMAIN THE PURVIEW OF ALREADY EXISTING COMMODITY GROUPS SUCH AS FOR COFFEE, COCOA, TIN.

6. CLEARLY WE WOULD WANT TO LIMIT MEMBERSHIP IN THE COMMISSIONS TO ASSURE THEIR EFFECTIVENESS. WE BELIEVE THE MEMBERSHIP OF EACH COMMISSION SHOULD BE DETERMINED BY APPLYING OBJECTIVE CRITERIA. FOR RAW MATERIALS, FOR

EXAMPLE, WE COULD INCLUDE THOSE COUNTRIES FOR WHICH EXPORTS OR IMPORTS OF FOOD AND OTHER NON-OIL RAW MATERIALS CONSTITUTE A CERTAIN MINIMUM PERCENTAGE OF THEIR TOTAL NATIONAL PRODUCT, AND SET THAT THRESHHOLD HIGH ENOUGH TO KEEP THE NUMBERS WITHIN REASON. WE COULD DO THE SAME IN ENERGY. FOR THE MOST SERIOUSLY AFFECTED, WE WOULD HAVE TO SEEK ANOTHER FORMULA, ONE IN WHICH REPRESENTATIVE COUNTRIES WITH THE LOWEST PER CAPITA INCOME WERE CHOSEN ALONG WITH TRADITIONAL AND NEW DONORS.

7. THIS PROPOSED APPROACH HAS TWO ORIGINS. FIRST, THINKING WITHIN THE AMERICAN ADMINISTRATION ON RAW MATERIALS AND OTHER ISSUES OF THE RELATIONSHIP BETWEEN DEVELOPED AND DEVELOPING COUNTRIES HAS BEEN EVOLVING OVER THE LAST SEVERAL MONTHS. THE SECOND SOURCE IS THE REALIZATION THAT IT WOULD BE DIFFICULT IF NOT IMPOSSIBLE TO FIND A BASIS ON WHICH OIL PRODUCERS AND CONSUMERS COULD DISCUSS THE NEW PROBLEMS OF ENERGY WITHOUT ADDRESSING THE ENTIRE RANGE OF RELATIONSHIPS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES.

8. THE US PROPOSAL IS THUS BROUGHT FORWARD IN A SPIRIT OF CONCILIATION AND INNOVATION. WE DO NOT THINK WE SHOULD ATTEMPT TO DICTATE TOO CLOSELY THE TIMEFRAME OF THE WORK OF THE COMMISSIONS. THEY COULD WORK SIMULTANEOUSLY OR CONSECUTIVELY AND MIGHT, DEPENDING ON THE DIFFICULTY OF THE TASK AT HAND, REQUIRE A SHORTER OR LONGER SPAN OF TIME. WE SHOULD ALSO NOT ATTEMPT TO STRUCTURE TOO CONFIDENTIAL

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PRECISELY THEIR RELATIONSHIP TO EACH OTHER. OUR INTENT, RATHER, IS TO FIND AN APPROACH WHICH RECOGNIZES BOTH THE ESSENTIAL UNITY OF THE DEVELOPING COUNTRIES IN SEEKING AN IMPROVED RELATIONSHIP WITH THE DEVELOPED COUNTRIES, AND THE GREAT DIVERSITY OF INTERESTS, FORUMS, AND SUBJECTS TO BE ADDRESSED.

9. WE HOPE YOUR GOVERNMENT WILL SUPPORT THIS NEW US PROPOSAL. IN PUTTING IT FORWARD, WE HAVE NOT INTENDED TO TRY TO DETERMINE CLOSELY THE FUTURE STRUCTURE OF THE DIALOGUE, BUT RATHER TO LAY OUT A FORMULA THAT COULD BE ADOPTED FLEXIBLY TO MEET OUR SEVERAL INTERESTS AND CONCERNS. WE BELIEVE RESUMPTION OF THE MULTILATERAL DIALOGUE, WHICH THIS PROPOSAL WOULD ENSURE, IS CLEARLY IN THE INTERESTS OF ALL DEVELOPED AND DEVELOPING COUNTRIES.

10. YOU SHOULD INDICATE THAT REPRESENTATIONS ARE BEING MADE TO KEY RAW MATERIAL PRODUCERS OR MSAS. FYI: OUR REPRESENTATION DOES NOT IMPLY THAT US BELIEVES HOST GOVERNMENT SHOULD PARTICIPATE IN ACTIVITIES OF ONE OR MORE COMMISSIONS. SELECTION OF PARTICIPANTS IN EACH GROUP WOULD BE MADE ON BASIS OF CRITERIA DEVVELOPED AT

RESUMED PREPCON. END FYI. INGERSOLL

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